

**Remarks of
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Commissioner, Federal Communications Commission
“National Priorities for Broadband Wireless”**

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Thank you, Andy, for the kind introduction and for inviting me back to be a part of your conference. It is always a pleasure to speak to WCA because I am a big believer in the success of spectrum-based providers to ensure our country's economic competitiveness.

This is such a dynamic time for your industry. Last year, I talked about my work with Sprint and Nextel to secure significant build-out commitments from the companies for the 2.5 GHz band in association with their merger. Since then, Sprint Nextel has exceeded my expectations by announcing plans for a multi-billion dollar WIMAX deployment with services to at least 100 million people by year-end 2008.

And last year, I told you about my interest in smaller transition areas for the Educational Broadband Service and Broadband Radio Service. I had been frustrated that the Commission over my objection had initially adopted a transition process that was based on Major Economic Areas instead of smaller markets. While it was small comfort to be proven right when it comes to broadband deployment, it is telling that not a single transition plan was filed in the almost two years after that decision was made.

Fortunately, since our decision last year to reverse this original ruling and allow transitions on a Basic Trading Area (BTA) basis, transitions have really taken off. In just under a year, we have seen transitions filed for 275 BTAs, and transitions have already been completed in 50 BTAs. Companies like Clearwire are serving hundreds of thousands of wireless broadband subscribers and covering millions more. Our decision to adopt smaller transition markets is making it a lot easier for proponents large and small to effectuate transitions and start rolling out these important wireless broadband services.

But there still is much work to be done in the broadband space. With even more changes and consolidation in the communications industry since last year, it continues to be critical that we make vibrant, spectrum-based communications opportunities available to more consumers and companies. So we need to do what we can to promote opportunities to expand wireless connectivity, as well as to reach our most underserved communities with broadband access.

I firmly believe that broadband is the key to economic growth in this digital information age. It is a key that can open the door to educational and economic opportunities to communities across

America, enriching people's lives. That is why facilitating access to wireless broadband is one of my core policy goals while at the FCC.

And it is a goal that I know the WCA membership shares. You have one of the more diverse membership groups in Washington representing all different types of licensees and unlicensed providers. And while you operate in a number of different bands, you all seem to share the common vision of providing the best broadband service possible to the communities you serve.

A National Broadband Strategy

But I am concerned that we as country do not have a similar common vision when it comes to a national broadband strategy. Even though we have made significant strides, I am still concerned that we are not keeping pace with our global competitors. As we are reminded on a regular basis with the release of the new broadband penetration rankings, we must confront head-on the uncomfortable reality that every year we slip further down the international broadband rankings.

Whatever you think about the rankings, even more troubling is the growing evidence that citizens of other countries are getting a much greater broadband value, in the form of more megabits for less money.

U.S. consumers pay nearly twice as much as Japanese customers for connections that are twenty times as slow. This isn't a public relations problem, it's a productivity problem, and our citizens deserve better.

This must be a greater national priority. It warrants a coherent, cohesive, and comprehensive strategy – one that seriously addresses our successes and failures, and strives to improve our broadband status. Virtually every other developed country has implemented a national broadband strategy. We need our own concerted and coordinated effort.

A true broadband strategy should incorporate benchmarks, deployment timetables, and measurable thresholds to gauge our progress. We need to set ambitious goals. We should start by updating our current definition of high-speed – just 200 kbps in one direction – to something more akin to what consumers receive in countries with which we compete, speeds that are magnitudes higher than our current definitions. We will also need much more reliable data than we currently collect – so that we can better ascertain our current problems and develop solutions.

We must re-double our efforts to encourage broadband development by increasing incentives for investment, because we will primarily rely on the private sector as the driver of growth. These efforts must take place across technologies so that we not only build on the traditional telephone and cable platforms, but also create opportunities for deployment of fiber-to-the-home, fixed and mobile wireless, broadband over power line, and satellite technologies.

We must work to promote meaningful competition, as competition is the most effective driver of lower prices and innovation. We can not let the U.S. broadband market stagnate into a comfortable duopoly, a serious concern given that cable and DSL providers control 98 percent of the broadband market. Many of you understand the impact of consolidation, and the need for competition. You need to impress that understanding on all of us at the FCC and in Congress.

There also is more Congress can do, outside of the purview of the FCC, such as tax incentives for companies that invest in broadband to underserved areas; better depreciation rules for capital investments in targeted telecommunications services; providing adequate funding for RUS broadband loans and grants; investing in basic science R&D to spur further innovation; and improving math and science education so that we have the human resources to fuel continued growth and usage of advanced telecommunications services.

Some argue that the reason we have fallen so far in the international broadband rankings is that we are a more rural country than many of those ahead of us. If that is the case, we should strengthen our efforts to address any rural challenges head-on.

As voice, video, and data increasingly flow to homes and businesses over broadband platforms, voice is poised to become just one broadband application. So, we must ensure that universal service evolves to promote advanced services.

The Role of Wireless Broadband

One of the best options for promoting broadband, particularly in rural areas, and for providing new competition all across the country, is maximizing the potential of spectrum-based services. Instead of the third “pipe,” this holds promise as the third “channel.” Or – if we can wax truly optimistic – perhaps we have an opportunity for a fourth or fifth channel through the innovative use of spectrum.

Our job at the FCC is to do whatever we can to promote spectrum-based opportunities like this in the future. To get there, I am continually evaluating the FCC’s service and construction rules to ensure that our policies do not undercut the ability of wireless innovators to get access to new or unused spectrum. I have advocated a carrot and stick approach. We want to promote flexibility and innovation, but since the spectrum is a finite public resource, we want to see results as well.

While many simply talk about broadband deployment, I have been passionate about taking specific steps to drive actual wireless broadband build-out. So when faced with the AT&T – BellSouth merger late last year, I worked closely with the applicants to come up with conditions for the merged company’s holdings that will serve the public interest, consistent with my efforts to promote broadband deployment in other mergers and proceedings.

Most significantly, AT&T agreed to divest the licenses and leases it acquired in the 2.5 GHz band from BellSouth. This significant commitment will ensure that an independent broadband access provider – which turned out to be Clearwire – that is interested in developing services in the 2.5 GHz band will now have access to spectrum in an important part of the country that may otherwise have been unavailable. Increased 2.5 GHz availability in the southeast will lead to the deployment of wireless broadband services in this market in direct competition to the new AT&T – a real boon for consumers. And consumers in other markets will benefit as increased deployment in the southeast will continue to improve efficiencies for the entire 2.5 GHz industry.

I also was pleased that AT&T committed to jumpstart service in the under-used 2.3 GHz band by agreeing to a specific construction commitment over the next three years. AT&T already has

conducted a number of successful trials on the spectrum and is running a commercial WiMAX network in Pahrump, Nevada. I want to see more deployment in the 2.3 GHz band. AT&T met my challenge by committing to a specific level of buildout by July 2010. Much like the Sprint-Nextel merger, I am hopeful that this build-out commitment will prove a catalyst to the entire Wireless Communications Service. Like a rising tide that lifts all boats, AT&T's work in this band will be a boon for other wireless broadband providers looking to provide service in the 2.3 GHz band.

But while we have made progress, the FCC must do more to ensure that we push the leading edge of spectrum policy. That is why I was very pleased last week to support our decision to uphold the Commission's innovative decision to make the spectrum in the 3650 MHz band available on a licensed, but non-exclusive, basis. We wanted to find the right balance between a licensing model for traditional, area-wide mobile systems and a model for unlicensed, consumer-based services. I believe that our licensing regime for the 3650 MHz band will serve as a wireless highway between small towns and the big city – it will facilitate the delivery of broadband to all corners of the country by serving a different user group, one that often is driven by more localized, community based needs.

Since our initial decision, I had talked often about the public interest benefits of the new licensing rules for the 3650 MHz band. I have spoken with many supporters of our decision, and also with those who believe the band would be better used on an exclusive basis. But I remain convinced the hybrid licensing approach that we first adopted for the 3650 MHz band is the correct one, and I enthusiastically supported our reconsideration order. I have heard from representatives of the Community Wireless Network movement about our 3650 MHz licensing rules, and they are thrilled with the hybrid approach and the positive impact it will have on their efforts to deploy broadband networks in underserved communities around the country.

And of course, we are now considering final service and auction rules for the 700 MHz band, a critical opportunity for our country and the next generation of wireless broadband service providers.

My goal is to provide a diverse group of licenses so that all bidders have an opportunity to participate. In considering our Further Notice this past April, I would have been troubled if we had proposed a single band plan that ignored the overwhelming record that advocated for a more balanced set of license areas.

So I am pleased that we are seeking comment on a variety of proposals on how to structure the band. Some have argued that a more flexible band plan that includes a mix of licenses could better support a variety of business plans. On the other hand, a larger spectrum block could best address the needs of potential new entrants, who claim to be interested in providing a nationwide wireless broadband service. Our item rightly includes a variety of plans that represent all of these different views.

I have long talked about my interests in promoting spectrum use. So I also endorsed the Chairman's plan to require build-out in the 700 MHz band on a geographic basis. This shows our resolve to see that services will get deployed to all corners of the country.

This spectrum also gives us a new opportunity to come to grips with our country's public safety dilemma. Many of our nation's public safety agencies already suffer from antiquated systems and struggle to keep pace with new technological opportunities. So as we look to finalize our 700 MHz rules, we need to explore all aspects of proposals intended to help public safety keep apace through this auction.

So we have got our work cut out for us, and we want your input as well. But I am hopeful that we can craft a set of rules that will lead to a successful and robust auction.

Conclusion

To wrap up, I want to underscore my belief that both the private and public sectors need to work together to place the U.S. back at the forefront of broadband rankings around the globe.

Wireless broadband will be a key driver in getting there. Fortunately, we are a nation of innovators and entrepreneurs, and we have the resources to put us back at number 1, where we belong.

Thank you and best of luck with the rest of your conference!